



TAX TRANSPARENCY REPORT 2022



A note from the Chief Financial Officer

Over the course of the 2022 financial year, Nine Entertainment Co. Holdings Limited's (Nine's) position as Australia's Media Company, with our diverse range of inter-related assets across Broadcast, Publishing, Streaming and Marketplaces, has strengthened.

As a locally owned media business operating across broadcast, streaming, radio and publishing, engaging with millions of people each and every day via the Nine Network, 9Now, Stan, Nine Radio and the major metropolitan mastheads of the SMH, The Age, AFR as well as our 60 percent stake in property marketplace Domain, Nine believes it has an obligation to maintain a strong focus on corporate social responsibility and be a role model within its community. Nine understands that, as a media company, we have a role to play in supporting the community and upholding high standards in relation to our content. These activities engender trust and confidence in Nine, which is necessary for our continued social licence to operate.

In doing so, Nine aims to provide truthful, accurate and meaningful information both through the content it provides and also through the financial data and disclosures released to its stakeholders. This philosophy of transparency is embodied by the voluntary disclosure of Nine's tax contributions and tax management framework contained in this Report.

Ensuring full compliance with all statutory obligations and regulatory bodies as an Australian listed entity, Nine's approach to tax management is considered and detailed with appropriate documentation of policies and procedures. Nine takes risk management seriously and has implemented a rigorous Tax Corporate Governance framework which has been approved by and is overseen by the Audit & Risk Management Committee of the Nine Board.

In the following pages, you will find an overview of Nine's tax strategy, governance and tax contributions made to the Australian State and Commonwealth governments for the financial year ended 30 June 2022. In preparing this report, Nine has followed the recommendations of the Board of Taxation's Tax Transparency Code. Nine welcomes the opportunity to provide details of its tax contributions to the community.



MARIA PHILLIPS
Chief Financial Officer

The information provided in this Report is released on a voluntary basis in accordance with the recommendations and guidelines contained in the Board of Taxation's Voluntary Tax Transparency Code. It should be read with Nine's 2022 Annual Report which can be found on our website at www.nineforbrands.com.au

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TAX POLICY, STRATEGY, AND GOVERNANCE

Nine's tax governance framework is documented in the Nine Group Tax Policy (the tax policy) which is regularly reviewed by the Group Tax Team. The tax policy outlines the principles that govern Nine's approach to its tax affairs and dealing with tax risk, including the framework by which Nine's tax operational and risk management obligations are met.

Nine has documented and implemented appropriate internal controls in relation to the identification and management of tax risk and a framework for escalation of tax matters to the Nine Board as necessary.

The Nine Board operates several Committees that oversee key business risks including the Audit and Risk Management Committee (ARC) which oversees risk management and internal controls in relation to all risks across Nine, including tax.

A low risk tax strategy is adopted by Nine to ensure there is no damage to its reputation or risk profile with the Australian Taxation Office (ATO). Nine ensures that, as a minimum, the tax position adopted with regard to particular issues or transactions is more likely than not to be correct. This is achieved through employing qualified tax professionals in the Group Tax team and using external advisors to assist the Group Tax team when complex or uncertain matters arise.

The Group Tax team will obtain tax rulings from the ATO where matters involve complex or uncertain areas of the law. Nine's tax policy mandates that for all uncertain tax positions in relation to major transactions, or high risk tax matters that are ambiguous in nature or where the interpretation of the law is unclear, an opinion from an independent external advisor is sought to support the position.

ENGAGEMENT WITH REVENUE AUTHORITIES

Nine focuses on maintaining a strong and open relationship with the ATO and other revenue authorities, and seeks to engage proactively and transparently with all relevant tax authorities on significant transactions.

Nine's aim is to continue to maintain a positive and transparent working relationship with all revenue authorities to enable an efficient and collaborative engagement on tax issues that apply to the business.

Nine has engaged external consulting firm, PwC, to perform a review of Nine's current control framework and to test our systems in order to ensure the appropriate controls are in place. Nine's aim is to ensure it has maintained the control framework and governance outcomes expected by the ATO.

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RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSE

The reconciliation of accounting profit to tax expense contained in this Report was previously published in the Nine 2022 Annual Report in note 5.1. The disclosure was prepared for the statutory accounts in accordance with the relevant Australian Accounting Standards.

Income tax expense, reported on a company's income statement, is calculated by multiplying accounting profit for the year, adjusted for non-temporary differences, by the relevant corporate tax rate (30% in Australia).

	30 June 2022 \$'000	30 June 2021 \$'000
Profit from operations	449,635	279,592
Prima facie income tax expense at the Australian rate of 30%	134,891	83,878
<i>Tax effect of:</i>		
Share of associates' net (profit)/loss	(538)	(304)
Difference between tax and accounting profit from disposal of properties	2,961	(353)
Impairments, write down of investments and revaluation of derivative financial instruments	—	18,453
Adjustments in respect of current income tax of previous years	(1,752)	(1,795)
Research and development tax offset	(1,500)	(3,961)
Other items – net	285	(287)
Income tax expense	134,347	95,631

RECONCILIATION OF INCOME TAX EXPENSE TO INCOME TAX PAID AND CURRENT YEAR INCOME TAX PAYABLE

The following table shows a reconciliation of income tax expense per the statutory accounts to total income tax paid and current year income tax payable during FY2022.

The total corporate income tax paid of \$138.1 million is net of any tax refunds received during the year, includes tax paid in respect of the prior year and includes taxes paid by controlled entities (including non-wholly owned subsidiaries) in Australia and New Zealand. This reconciles to the net income taxes paid as disclosed in the Consolidated Statement of Cash Flows in the Nine 2022 Annual Report (refer page 96).

	30 June 2022 \$'000	30 June 2021 \$'000
Tax payable in respect of prior years	56,052	9,982
Income tax expense	134,347	95,631
Differences between tax and accounting recognition	(7,706)	41,753
Income taxes paid in current year	(138,071)	(91,315)
Current income tax payable	44,622	56,052

EFFECTIVE COMPANY TAX RATES FOR AUSTRALIAN AND GLOBAL OPERATIONS

Nine reported a net profit for statutory accounts purposes and an income tax expense for FY2022.

Effective Tax Rate (ETR) is usually calculated as income tax expense divided by accounting profit before tax. Using this ETR calculation methodology, Nine's ETR is 29.9% as shown below.

	30 June 2022 \$'000	30 June 2021 \$'000
Income Tax Expense	\$134,347	\$95,631
Net Profit Before Tax	\$449,635	\$279,592
Effective Tax Rate	29.9%	34.2%

The ETR is less than the statutory rate of 30% primarily due to tax offsets available as a result of the Research and Development and Post Production, Digital and Visual Effects (PDV) incentives. Under the PDV incentive program, Nine receives a tax offset for qualifying Australian production expenditure on post production, digital and visual effects.

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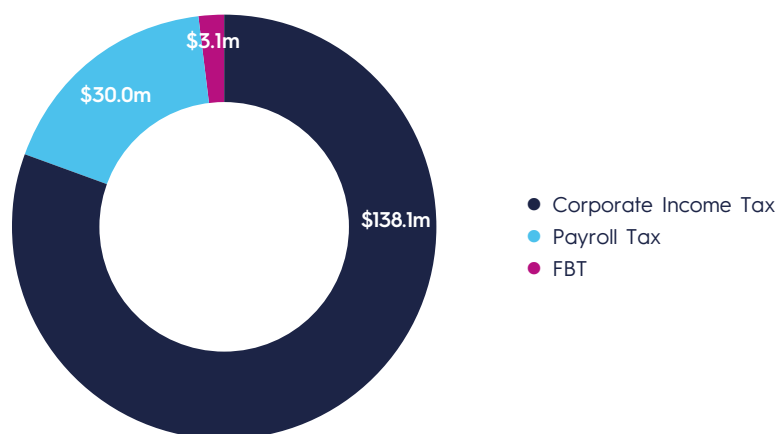
TAX CONTRIBUTION SUMMARY

The following tables and diagrams set out the types of taxes paid and collected by Nine and its subsidiaries (including controlled non-wholly owned subsidiaries) to and/or collected on behalf of Australian Federal, State and local governments in the 2022 financial year.

Taxes paid by Nine Group and controlled non-wholly owned subsidiaries

Nine and its controlled entities are subject to both Federal and State Government taxes. These taxes include income tax, fringe benefits tax (FBT) and payroll tax.

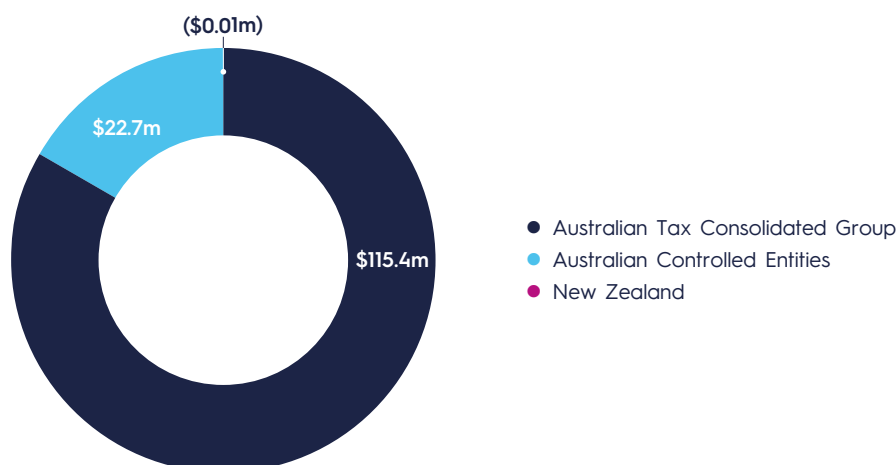
The group's largest tax contribution on a gross basis was income tax of \$138.1 million. This represents 81% of all taxes paid by Nine in the 2022 income year.



Income Tax paid by Nine group

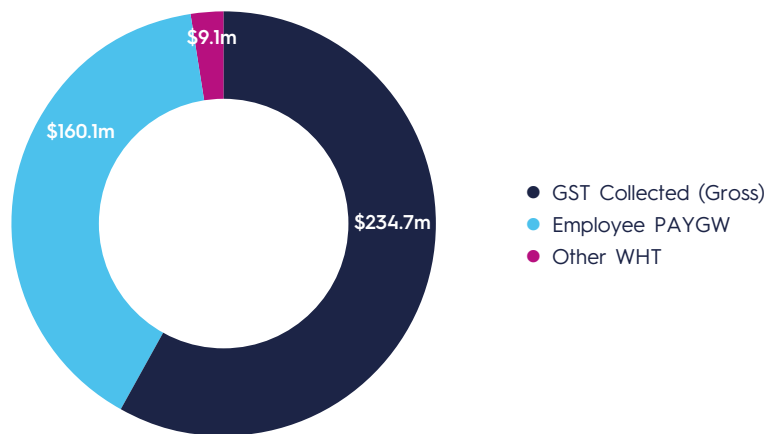
The following graph shows Nine's income tax contribution in Australia and in New Zealand on a cash basis, analysed between the Australian Tax Consolidated Group and other entities within the Group.

The total corporate income tax paid of \$138.1 million is net of any tax refunds received during the year and includes taxes paid by controlled entities in Australia and New Zealand. This reconciles to the net income taxes paid of \$138.1 million as disclosed in the Consolidated Statement of Cash Flows in the Nine 2022 Annual Report (refer page 96) and referred to earlier in this report.



Taxes Collected by Nine

In FY2022, Nine and its 100% owned subsidiaries (that is not including non-wholly owned subsidiaries such as Domain) collected and paid \$403.9 million in taxes including Goods and Services Tax (GST), Pay As You Go Withholding (PAYGW) and Interest and Royalty Withholding Taxes.



International Related Party Dealings

Effectively, all of the Nine group's operations are undertaken within Australia. Nine has relatively small foreign operations in the United States (the US) and New Zealand with minor transactions occurring between these entities and Nine's Australian entities.

For the 2022 income year, the aggregate value of Nine's international related party dealings with its foreign subsidiaries amounted to 0.2% of the Group's total revenue.

Nine's minor international related party dealings reflect arm's length pricing in accordance with transfer pricing requirements in Australia, New Zealand, and the US and are consistent with OECD guidelines.

Mi9 New Zealand

Mi9 NZ offers digital advertising solutions to New Zealand clients using data from Microsoft accounts and Experian Mosaic to provide advertisers targeted and high return on investment campaigns in a high quality and brand safe environment. Mi9 NZ offers multiple purchasing methods including directly via insertion order or programmatically via its AppNexus and Telaria supply-side platforms.

Nine Australia provides Mi9 NZ with shareholder funding for which it charges an arm's length rate of interest.

Channel 9 Australia Inc.

In the US, Channel 9 Australia Inc. carries on television services in the United States by arrangement of studio hire, transport, satellite facilities, video recording services, programming consultancy services and creating oral and graphic messages by means of television broadcasting.

Channel 9 Australia Inc provides content to Nine Group at cost plus an arm's length mark up.

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AUSTRALIAN TAX RETURN INFORMATION PUBLISHED BY THE ATO

In September 2022, the ATO reported Australian tax information for Nine and a number of other large public companies relating to the 2021 financial year.

The information that was reported for Nine is taken from the income tax return lodged by Nine Entertainment Co. Holdings Limited as head entity of the Nine tax consolidated group, using records held by the ATO on 16 September 2022 and is shown in the table below:

Income tax

Name	Nine Entertainment Co. Holdings Limited	
ABN	60 122 203 892	
Total income	\$2,148,240,330	(Note 2)
Taxable income	\$363,942,476	(Note 3)
Tax Payable	\$109,165,175	(Note 4)

Notes:

1. The above information relates to the Nine tax consolidated group which only includes wholly-owned subsidiaries of Nine Entertainment Co Holdings Ltd. Information for non-wholly owned subsidiaries is not included in these figures.
2. Total Income as reported by the ATO represents gross income for accounting purposes, that is, income before any expenses are taken into account. The total income figure is similar to gross accounting revenue, not profit. The total income figure is not an indicator of the real economic or taxable profits of Nine Group. Total income is the gross income earned by the Nine Tax Consolidated Group, before deductions/expenses are applied. This differs from the Group's total revenue in the Financial Statements because it does not include income earned by the Group's offshore operations and non-wholly owned subsidiaries, but it does include income earned from transactions with these offshore branches and subsidiaries.
3. Taxable Income for the Nine Tax Consolidated Group is assessable income from all sources less allowable deductions incurred in earning that income.
4. Tax Payable is determined by multiplying taxable income by the 30% corporate tax rate and deducting tax offsets such as the research and development (R&D) incentive and franking credits.

The Nine TCG's taxable income for 2021 of \$363,942,476 multiplied by 30% is \$109,182,743. Actual tax payable by Nine for the year ended 30 June 2021 was \$109,165,175. The difference of \$17,568 is comprised of franking credits. Nine is entitled to a tax offset for franking credits attached to dividends received by Nine from investments in other Australian taxpaying companies. The franking credit reflects tax already paid on profits distributed to Nine by way of franked dividends, and prevents double taxation.